

FILED

AUG 21 2007

**SECRETARY, BOARD OF
OIL, GAS & MINING**

James P. Allen
UTAH ATTORNEY GENERAL'S OFFICE
1594 W. North Temple #300
Salt Lake City, UT 84116
Attorney for Respondent
Utah Division of Oil, Gas, & Mining

**BEFORE THE BOARD OF OIL, GAS, AND MINING
DEPARTMENT OF NATURAL RESOURCES
STATE OF UTAH**

<p>In the Matter of the Request for Agency Action by</p> <p>Penney's Gemstones, David L. Penney,</p> <p>Petitioner,</p> <p>For Review of the Division's Cessation Orders and Assessment of Penalties, Sliver 1-2 Mine, Beaver County, and Little Spot Mine, Millard County</p>	<p>STIPULATED SETTLEMENT</p> <p>Cause Nos. <u>S/027/024</u> – Little Spot S/001/035 – Sliver 1-2</p> <p>Docket No. 2007-002</p>
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The Utah Division of Oil, Gas and Mining (the Division) and Penney's Gemstones,
L.L.C. (Penney's) in order to resolve the issues raised in the above-referenced matters, HEREBY
STIPULATE AND AGREE to settle the action upon the following terms and conditions:

SLIVER 1-2 MINE, Beaver County, Utah

1. By December 31, 2007, Penney's will complete physical reclamation of all of the
disturbed area located on the Truman mine adjacent to the Sliver 1-2 mine and
initiate reseeding of the same.
2. Penney's will conduct no further mining on the Truman site.

3. If necessary, Penney's will file an amended notice of intent to accurately identify the area of future mining, together with a map clearly depicting the claim boundaries.
4. Within 30 days from the execution of this agreement, Penney's agrees to bond the Sliver 1-2 in accordance with DOGM rules and submit a fully-executed reclamation contract.
5. The Division will join Penney's in a request that the Board (1) vacate the cessation order and assessment of penalties and (2) order the Division to return to Penney's the \$550 in penalties collected in connection with the order.
6. In the event that reclamation as described in paragraph 1 has not been performed by December 31, 2007, the Division will request that the Board rescind its Order vacating the Division's previous orders and penalties with Respect to the Sliver 1-2 Mine and instead enter an order affirming the Division's actions. Penney's hereby waives any right to oppose that request or to seek further review of any Board order entered upon it.

LITTLE SPOT MINE, Millard County, Utah

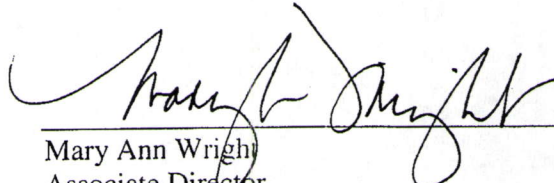
1. Penney's hereby notifies the Board of Oil, Gas and Mining that it withdraws its appeal of the cessation orders and penalties issued regarding its Little Spot Mine.
2. Within 30 days of the execution of this Stipulation, Penney's will submit to the Division a fully-executed reclamation contract for all of the disturbed area identified in the cessation order (No. MC-2005-04-04).

3. The Division agrees that the reclamation surety in place for the Little Spot Mine, including but not limited to Penney's nationwide bond posted with the Bureau of Land Management, is acceptable so long as the amount of disturbed area does not increase.

This Stipulated Settlement is intended only to settle the above-referenced Request for Agency Action filed by Penney's, and is the entire agreement among the parties as to the subject matter of that request. Neither Penney's nor the Division makes any representation hereby regarding any other mine operated by Penney's in Utah. By affixing their signatures, the persons named below represent that they are authorized agents for the parties to this matter and fully empowered to execute this agreement on their behalf.

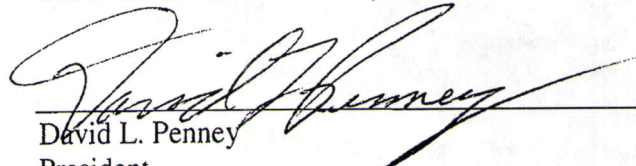
Agreed and entered into this 21st August day of ~~June~~, 2007.

DIVISION OF OIL, GAS, AND MINING



Mary Ann Wright
Associate Director

PENNEY'S GEMSTONES, L.L.C.



David L. Penney
President

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Pursuant to a stipulated settlement between Penney's Gemstones, L.L.C., petitioner, and the Utah Division of Oil, Gas and Mining, Respondent, the Utah Board of Oil, Gas and Mining hereby enters its order fully disposing of the above-titled matters.

1. In Cause No. S/027/024, the request of Penney's Gemstones to withdraw its request for agency action to review the Division's Cessation Order and Assessment of Penalties as to the Little Spot Mine is hereby GRANTED.
2. In Cause No. S/001/035, the Division's Cessation Order and Assessment of Penalties is HEREBY VACATED effective January 17, 2008 UNLESS the Division notifies the Board on or before January 10, 2008 that the terms of the Stipulated Settlement have not been satisfied.
3. In Cause No. S/001/035, the Division is HEREBY ORDERED to return to Penney's Gemstones the \$550 in penalties deposited with the Division in

connection with the Cessation Order UNLESS the Division notifies the Board on or before January 10, 2008 that the terms of the Stipulated Settlement have not been satisfied.

DATED this _____ day of _____, 2007.

STATE OF UTAH
BOARD OF OIL, GAS, AND MINING

By: _____
Douglas E. Johnson
Chairman